



provincial treasury

Department:
Provincial Treasury
North West Provincial Government
Republic of South Africa

FINANCIAL PLAN

MAMUSA LOCAL MUNICIPALITY

TABLE OF CONTENTS

1. MAYOR'S OVERVIEW	Error! Bookmark not defined.
1.1 EXECUTIVE SUMMARY	Error! Bookmark not defined.
1.2 THE PURPOSE OF THE FINANCIAL PLAN	4
2. KEY FOCUS AREAS OF THE FINANCIAL PLAN	4
2.1 OPERATIONAL BUDGET	4
2.2 CAPITAL BUDGET	10
2.3 OUSTANDING CREDITORS	Error! Bookmark not defined.
2.4 CURRENT PROVISIONS	13
3. CONCLUSION	Error! Bookmark not defined.

1. MAYORS OVERVIEW

2. EXECUTIVE SUMMARY

As per the failure of the Mamusa Local Municipality to adopt a funded budget the National Treasury guided the Provincial Treasury to undergo processes to ensure compliance by all non-compliant Municipalities, the letter from the National Treasury guides the process to be followed through as below,

In order to rectify the situation of municipality's to adopt a funded budget, the following steps must be followed:

a) Engagement between the Municipality and the Provincial Treasury.

The provincial treasuries have agreed to hold individual meeting with each Municipality in their respective provinces who has adopted an unfunded budget. The purpose of this engagements to will be to assist the Municipality in identifying and effecting the necessary adjustment to reflect a funded budget position. This will require the municipality to make hard but necessary expenditure and revenue choices albeit unpopular.

3. THE FINANCIAL PLAN

The Financial Plan is NOT a Financial Recovery Plan in terms of the MFMA. A Financial Plan is a detailed plan which is developed by the Municipality in response to the identified material budget deficits (**Unfunded budget**), the focus and essence of the Financial Plan is for the Municipality to develop and monitor implementation of realistic measures which will ensure that, if successfully implemented, the Municipality will be able to generate and collect sufficient revenue as well as realise savings through implementation of cost containment measures.

3.1. PURPOSE OF THE FINANCIAL PLAN

The purpose of the Financial Plan is to guide the Municipality in preparing the necessary remedial and redress measures aimed at ensuring that revenue is generated and collected and such revenue is appropriated to key essential expenditure items, thereby enabling Municipalities to execute their constitutional mandate.

3.2. KEY FOCUS AREAS OF THE FINANCIAL PLAN

Section 17(2) of the Municipal Finance Management Act states that an annual budget of a Municipality must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.

The focus of the Financial Plan will be on the operating and capital budgets of the Municipality as in compliance with Section 17(2) of the Municipal Finance Management Act. The Municipality will be expected to demonstrate how it will effectively and efficiently conduct its operations in order to realise surpluses and to ultimately re-invest the surpluses towards eradication of long outstanding creditors as well as to start building financial reserves.

3.2.1 OPERATIONAL BUDGET (revenue & expenditure)

Revenue generation and collection and the management as well as retention of cash are critical measures in ensuring improved municipal financial management and maturity, with sufficient surpluses, the municipality will be in a position to settle expenditure commitments for the budget year as well as being able to reduce previous year's creditors.

In order to achieve the above, the Municipality is therefore expected to develop and monitor implementation of credible and realistic revenue raising measures in order to fund the anticipated key operational expenditure items. The crux and focus on revenue raising measures should be on addressing those factors that impedes the Municipality from achieving its revenue raising targets, factors such as the state and conditions of revenue raising assets like water and electricity meters, electricity and water distribution channels, etc. The state of the latter infrastructure assets as well as other revenue raising assets must be considered prior to the Municipality making a determination and/or an estimation of possible revenue it could raise.

Revenue generation in this context is the ability by the Municipality to collect readings for services provided by the Municipality, in order to eventually issue a bill to the affected consumers. The most critical process in the Financial Plan is the ability of the Municipality to convert the revenue generation (billing) process to actual cash that the Municipality can utilize to fund the budget and provide services to the communities.

Municipalities deliver services to their respective communities and it is recognized that community members have different and sometimes, unrealistic demands that Municipalities are expected to

budget for. While being cognizant of the latter conundrum that Municipalities find themselves in, Municipalities are expected to base their operational budget on what they can afford. The latter implies that operating expenditure budget of Municipalities must be based on the realistically anticipated operating revenue. Municipalities are as a result not expected to adopt unfunded budgets, based on the fact that the budgeted operating expenditure budget will be based on the appropriated realistically budget operating revenue.

3.2.2. CAPITAL BUDGET

There are no delayed projects from previous financial years. All capital projects planned will be implemented in the current financial year.

4. Outstanding Creditors and Current Provisions

Table B8 on reconciliation of cash backed reserves is inclusive of outstanding creditors from prior financial year amounting to a deficit of R 133 242 000.

5. Operational Budget

Revenue enhancement

PRIORITY ARE	FOCUS AREA	ACTIVITY	TIME FRAME (start & end)	RESPONSIBLE PERSON	COSTS (& Source of funding)	OUTCOME	EXPECTED INFLOW
E.g. Electricity	Meter audit	Audits on all bypassed meters	01 July 2020 to 30 June 2021	James	R500 000 MIG	Correct meter readings	R1 000 000 Cash enhancement
1. Revenue management committee	Revenue collection	The committee should at least consist of representatives from Political Office, Town Planning and BTO. Awareness to customers on the importance of paying rates and services.	By 1 August	Chairperson finance	Function performed in house. No cost implications to the municipality.	To improve revenue collection	
2. Property Rates	General Valuation Roll	Physical verification of properties – align to valuation roll. Data Cleansing - Reconciliation of the consumers' data to the billing system, valuation roll and Deed's office.	Effective date 30 August 2020	CFO	R 1000 000	Completeness and accuracy of the valuation roll	R 18 941 000

		A valuer will be appointed for the above tasks.					
3. Electricity	Meter management and credit control	<p>Cut offs on unpaid accounts through implementation of strict credit control.</p> <p>Timely and correct meter readings by resolving disputes.</p> <p>Measures to address electricity losses (institute penalties for meter tempering)</p>	<p>Effective 1 July 2020</p> <p>Effective 1 July 2020</p> <p>Effective 1 September 2020</p>	<p>CFO & Technical Director</p> <p>Technical Director</p> <p>Technical Director</p>	<p>No additional costs</p> <p>R14 000 per month</p> <p>Meter tampering reports provided on a monthly basis by the service provider. The cost is included in the commission for vending electricity</p> <p>The policy has been revised to include penalties for tampering of meters.</p>	<p>Correct meter readings</p> <p>Correct Meter readings</p>	R27 357 000

		Install prepaid meters	Effective date September 2018 (Progress 90%) /	Technical Director	Eskom has assisted with the correct tariffs which will be phased in on a year on year basis R 1 890 mil		
4. Water and sanitation	Water restrictions	Meter reading (including unmetered consumers) Customers verification or audit to be performed Measures to address water losses	Effective date 1 July 2020 Effective date 1 July 2020 Effective date 30 August 2020	Technical Director	R 168 000 No Cost EPWP to be used for this process SLA to be entered into with DR RSM DM to include measures to		R24 494 000

					<p>address water losses.</p> <p>The district would also be engaged with regards to unfunded mandates on all costs related to water and sanitation incurred by the municipality, while the applicable grant attached is being received by the district.</p>		
5. Refuse removal	Tariff structure	Review the tariff structure of refuse removal to ensure that the cost of providing the service is fully recovered	Effective date 01 September 2020	CFO	No cost		R8 214 000
6. Rental of facilities and properties	Rental agreements	Review rental agreements on municipal properties to be market related	Effective date August 2020	Director Corporate	<p><i>The rentals for municipal properties are aligned to market related prices.</i></p> <p><i>The rental agreements were revised in house at no</i></p>	Establish Market related rates for rentals	R619 000

					<i>additional cost to the municipality</i>		
7. Other revenue items		Conduct road blocks to improve collection on traffic fines	Effective date September 2020	Community services director	<i>They will be no other cost then the current employee remuneration to traffic officers</i>		

7. Operating Expenditure

Cost cutting measure

Activities	Timeframe	Financial impact
Develop, approve and implement cost containment plan		
<ul style="list-style-type: none"> - Plan to address bloated structure (Only appoint critical positions) 	Effective 1 July 2020 / Council	Substantive section 56/57 Manager and other critical positions have been budgeted for and still be appointed
<ul style="list-style-type: none"> - Overtime (Ensure that staff members work within the stipulated timeframes) 	Effective 1 July 2020 / All directors	All overtime to be approved by the Municipal Manager and monitored by supervisors & directors. Elimination of abuse of overtime. Overtime budgeted for essential services only and will still be managed to ensure that it is not abused.
<ul style="list-style-type: none"> - Travel 	Effective 1 July 2020 / All directors	Elimination of non-essential traveling.

Activities	Timeframe	Financial impact
<ul style="list-style-type: none"> - Running vehicle schemes. 	Effective 1 July 2020 / All directors	Municipality is to review the current running vehicle scheme to ensure that savings are made where necessary, and that official kilometers are valid through the implementation of controls. The municipality to conduct a cost-benefit analysis on the usage of own vehicle against municipal-owned, with the objective of reducing high salary costs.
<ul style="list-style-type: none"> - Contracted services (review contracts and reduce reliance on consultants) 	Effective 1 July 2020 / All directors	Contracts expiring in the current financial year not requiring specialized skills will not be renewed. Officials will be capacitated to perform the function. Reduction of non-essential contracted services.
<ul style="list-style-type: none"> - Bulk purchases – review payment arrangements with bulk supply creditors to ensure affordability. 	Effective date – Accounting Officer	Performed inhouse at no cost to the municipality.
<ul style="list-style-type: none"> - Reconciliation of bulk meters to ESKOM invoices 	Monthly / CFO	Compliance with the cost containment measures as determined by the Minister of finance.
<ul style="list-style-type: none"> - Reduce non-essentials expenditure e.g. Mayoral special project 	Effective July 2020 / All directors	

Activities	Timeframe	Financial impact

DEBT COLLECTION STRATEGY

9. Activities	Timeframe	Financial impact
<ul style="list-style-type: none"> Percentage improvement on collection rates, The municipality to improve collection towards target of 80%. Implement strict credit control, Effective customer care. categorization of debtors in relation to the pattern of payment 	<p>Effective July 2020 / CFO</p> <p>Effective July 2020 / CFO</p> <p>Ongoing monthly / CFO</p> <p>Ongoing monthly / CFO</p> <p>Ongoing monthly / CFO</p>	<p><i>Funded through indirect grant MSIG grant.</i></p> <ul style="list-style-type: none"> <i>Accounts have been handed over for collection.</i> <i>Indigent registration has been accelerated.</i> <i>Migration to prepaid meters.</i> <i>Implementation of cut off list.</i> <i>The municipality have is in discussions with service providers to implement a 90/10 electricity collection strategy to improve collection.</i>

		<p><i>The credit control policy is implemented on monthly basis. Debtors are categorized on monthly basis through debtors ageing analysis.</i></p> <p><i>Function performed in house.</i></p>
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INDIGENTS

10. Activities	Timeframe	Financial impact
<ul style="list-style-type: none"> Review indigent policies to refrain from providing free for all consumers (revenue forgone) 	Effective date July 2020 / CFO	<p><i>Indigent policy has been reviewed and tabled with the 2020/21 budget. This was done in house at no cost to the municipality.</i></p>
<ul style="list-style-type: none"> Indigent registration and verification process Update indigent register 	<p>Effective date July 2020 / CFO</p> <p>Effective date July 2020 / CFO</p>	<p><i>The indigent registration programme has been accelerated. The function is also performed in house at no additional cost to the municipality.</i></p>

8. Capital Expenditure – Delayed projects

[illegible]

9. Capital Expenditure – 2020/21 projects

COMPONENT	PROJECT NAME	PROJECT REGISTRATION No	PROJECT REGISTRATION AMOUNT	AMOUNT NEEDED TO COMPLETE THE PROJECT	BUDGETED AMOUNT
Roads	Construction of internal roads				R 6 622 747
Electricity	Construction of High mast lights				R 4 229 034
Municipal Building	Construction of Thusong Service Center				R 4 672 169
Electricity	Electrification of Mamusa				R10 200 000

IMPLEMENTATION PLAN

Property rates

Action	Target date	Expenditure Impact	Income Impact	Person responsible
Implementation of general valuation roll from July 2021	July 2020	R1 000 000		CFO/Revenue Manager
Arrears ((4% of 278 million debtors book)	July 2020		R11 151 000	CFO/Revenue Manager
Increase 2020/21 collection rate from 53% to 60% running accounts	July 2020		R2 258 250	CFO/Revenue Manager
Increase 2020/21 collection rate from 60% to 70% running account	July 2021		R4 985 850	CFO/Revenue Manager
Increase 2021/22 collection rate from 70% to 80% running account	July 2022		R4 784 250	CFO/Revenue Manager

Service charges

Action	Target date	Expenditure Impact	Income Impact	Person responsible
Arrears (25% of 278 million debtors book)	July 2020		R59 000 000	CFO/Revenue Manager
Increase 2019/20 collection rate from 56% to 60% running account	July 2020		R 6 000 000	CFO/Revenue Manager

Action	Target date	Expenditure Impact	Income Impact	Person responsible
Increase 2020/21 collection rate from 60% to 70% running account	July 2021		R 9 992 000	CFO/Revenue Manager
Increase 2019/20 collection rate from 70% to 80% running account	July 2022		R15 075 000	CFO/Revenue Manager

Technical

Action	Target date	Expenditure Impact	Income Impact	Person responsible
100% prepaid electricity meters	July 2020	R 650 000		Electricity manager
Reduction electricity losses to 10%	July 2020		R1 000 000.00 year 1 R1 500 000.00 year 2 R2 000 000.00 year 3	Electricity manager
Replacement of water meters for 6000 households	July 2020		R1 500 000.00 year 2 R2 000 000 in year 3	Director technical
Reduction of water losses to 10%	July 2020		No expense district function	Director technical
Correction of electricity tariffs	July 2020		R1 752 000.00 p. an income	CFO

Action	Target date	Expenditure Impact	Income Impact	Person responsible
Application of winter tariffs	July 2020		R1 500 000.00 p. a saving	CFO

Other

Action	Target date	Expenditure Impact	Income Impact	Person responsible
Benchmarking of credit control policy	30 July 2020		Nil	Revenue Manager
Data cleansing of revenue information	1 July 2020		Nil	Revenue Manager
Implementation of National Treasury cost containment regulation	1 July 2020		R1 000 000.00 p. a saving	Municipal Manager
Reduction of overtime worked, to address high salary costs, through the implementation of control measures and standard operating procedures by directorates.	1 July 2020		R1 000 000.00 p. a saving	Municipal Manager
Correction of employee contracts	1 July 2020		R1 000 000.00 p. a saving	Municipal Manager
Reduction of the running scheme allowance	1 July 2020		R1 000 000.00 p. a saving	Municipal Manager
Intensify Indigent registration and verification	1 July 2020		R1 000 000.00 p. a	CFO

Income increase

	2020/21	2021/22	2022/23
Property rates	R1 956 000	R 3 568 000	R 4 784 000
Property rates arrears (4% of 224 million debtors book)	R9 700 000		
Service charges	R6 000 000	R 9 992 000	R 11 075 000
Service charges arrears (25% of 224 million debtors book)	R 12 000 000	R 17 000 000	R 30 000 000
Electricity loss reduction	R1 000 000	R 1 500 000	R 2 000 000
Water loss reduction	R 500 000	R 1 500 000	R 2 000 000
Correction of electricity tariffs		R 1 752 000	R 1 752 000
Application of winter tariffs		R1 500 000	R 1 500 000
Intensify indigent registration and verification	R1 000 000	R1 500 000	R 2 000 000
Totals	R 32 156 000	R 38 312 000	R 53 111 000

Projected expenditure savings

	2020/21	2021/22	2022/23
Reduction of overtime worked	R1 000 000.00	R1 000 000.00	R1 000 000.00
Correction of employee contracts	R 1 000 000.00	R 1 000 000.00	R 1 000 000.00
Reduction of running scheme allowance	R 1 000 000.00	R1 000 000.00	R1 000 000.00
Totals	R 3 000 000	R 3 000 000.00	R3 000 000.00

CASH FLOW IMPACT SUMMARY

	2020/21	2021/22	2022/23
Income incremental	R 32 156 000	R 38 312 000	R 53 111 000
Expenditure reduction	R 3 000 000	R 3 000 000	R 3 000 000
Total Surplus	R 29 156 000	R 35 312 000	R 50 111 000
Unfunded	R 31 214 000	R 20 183 000	R 18 527 000
Surplus/deficit	R60 370 000	R 55 495 000	R 68 638 000

AGED DEBTORS

Description	NT Code	Budget Year 2019/20										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total				
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	891	920	876	729	723	697	1,357	33,569	39,761	37,074	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,810	1,199	1,058	729	531	495	408	12,952	19,181	15,115	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	675	510	356	312	265	244	231	19,303	21,896	20,355	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	1,073	1,038	1,010	983	965	958	950	46,349	53,326	50,205	-	-	
Receivables from Exchange Transactions - Waste Management	1600	689	669	652	638	626	622	617	33,335	37,849	35,839	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700									-	-	-	-	
Interest on Arrear Debtor Accounts	1810	1,698	1,673	1,622	1,588	-	-	-	81,154	87,735	82,742	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820				449			-		449	449	-	-	
Other	1900	655	548	550	-	352	420	472	21,205	24,202	22,448	-	-	
Total By Income Source	2000	7,491	6,558	6,123	5,429	3,462	3,436	4,034	247,866	284,400	264,228	-	-	
2018/19 - totals only										-	-			
Debtors Age Analysis By Customer Group														
Organs of State	2200	269	78	164	165	9	-	-	2,279	2,965	2,454	-	-	
Commercial	2300	1,421	1,069	925	536	294	301	329	5,448	10,322	6,908	-	-	
Households	2400	4,418	4,415	4,085	3,559	2,674	2,630	10,714	227,288	259,783	246,866	-	-	
Other	2500	1,383	997	949	1,169	484	505	(7,009)	12,852	11,330	8,000	-	-	
Total By Customer Group	2600	7,491	6,558	6,123	5,429	3,462	3,436	4,034	247,866	284,400	264,228	-	-	

AGED CREDITORS

Description R thousands	NT Code	Budget Year 2019/20								
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	5,991	–	3,807	3,538	3,694	–	70,860	–	87,890
Bulk Water	0200	–	–	–	–	–	–	–	–	–
PAYE deductions	0300	1,026	993	873	738	703	644	8,896	–	13,873
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	90	90	90	90	90	90	90	182	813
Loan repayments	0600	–	–	–	–	–	–	–	–	–
Trade Creditors	0700	3,798	1,395	1,658	2,750	26,002	–	–	–	35,604
Auditor General	0800	–	–	–	434	–	–	–	2,668	3,102
Other	0900	–	–	–	–	–	–	–	–	–
Total By Customer Type	1000	10,905	2,478	6,428	7,550	30,489	734	79,846	2,850	141,282

ARREAR CREDITORS PAYMENT PLAN

	2020/21	2021/22	2022/23
Bulk Electricity	R13 340 500.95	R15 000 000	R77 611 899
PAYE deductions / SARS	R13 873 000	-	-
Pensions	R813 000	-	-
Trade creditors	R35 604 000	-	-
Auditor General	R3 102 000	-	-
Total arrear creditors	(R141 282 000)		
Total Surplus funded	R60 370 000	R55 495 000	R 68 638 000

ESKOM: BULK ELECTRICITY SUPPLY – NEW PAYMENT ARRANGEMENT (JUNE 2020)

The account of Eskom as at 30 June 2020 amounts to R105 952 399, which includes an amount of R4 374 803 for the current account for the month of June 2020. The balance is the OLD overdue account of R101 577 596, which includes interest charges and penalties.

A new Payment Arrangement has been proposed to Eskom, after a virtual meeting held with the company on 23rd June 2020.

The meeting was held against the background of the municipality having been served with final decision notice on the interruption of bulk electricity supply, which would commence on 2nd July 2020.

The proposed payment arrangement is as follows:

1. The municipality requested an extension of the intended commencement of the interruption of the bulk electricity supply on the 2nd July 2020, and also consideration of a new payment arrangement plan.
2. Payment of the initial amount of **R8 965 697.69** for the default on the previous payment arrangements;
3. Payment of the Current Account, to the amount of **R4 374 803.26** for the month of June 2020, and subsequent months henceforth.
4. The municipality will commence with the servicing of the outstanding debt (R101 577 596) with effect from August 2020, at an amount of **R1 000 000** per month, and increasing it to **R1 500 000** when the municipality receives the next trench of Equitable Shares. This is being made against the background of the municipality's commitment towards other statutory payments and creditors.
5. The total first amount payable in July 2020, would therefore amount to **R13 340 500.95**.

PROJECTED FINANCIAL PERFORMANCE

NW393 Mamusa - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Revenue By Source											
Property rates	2	15 697	28 602	26 662	18 125	18 125	18 125	18 125	18 941	19 812	20 723
Service charges - electricity revenue	2	68 988	77 487	79 766	28 888	28 888	28 888	28 888	27 357	28 152	29 447
Service charges - water revenue	2	49 598	33 921	46 120	9 911	9 911	9 911	9 911	11 647	12 183	12 743
Service charges - sanitation revenue	2	20 282	24 359	23 928	13 438	13 438	13 438	13 438	12 847	13 438	14 057
Service charges - refuse revenue	2	13 985	19 522	19 385	8 598	8 598	8 598	8 598	8 214	8 592	8 987
Rental of facilities and equipment		786	509	41	542	542	1 452	438	619	647	677
Interest earned - external investments		301	557	41	129	129	28	6	9	9	10
Interest earned - outstanding debtors		30 032	35 373	70 006	12 745	12 745	5 909	4 937	13 319	13 931	14 572
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		14 528	573	656	612	612	43	36	50	53	55
Licences and permits		1 909	2 100	—	4 595	4 595	6 133	1 700	2 197	2 298	2 404
Agency services		—	—	2 306	—	—	—	—	—	—	—
Transfers and subsidies		42 843	43 380	47 670	62 586	62 709	99 280	40 989	75 819	67 613	71 701
Other revenue	2	12 331	23 145	6 540	2 632	2 632	2 632	2 632	2 293	2 399	2 509
Gains		—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		271 281	289 527	323 121	162 802	162 925	194 438	129 698	173 313	169 128	177 884
Expenditure By Type											
Employee related costs	2	48 187	57 891	65 610	66 752	65 855	73 554	65 854	60 070	63 434	66 987
Remuneration of councillors		4 730	5 140	6 214	5 970	5 970	5 970	5 970	6 684	7 058	7 453
Debt impairment	3	92 897	75 764	128 620	27 482	25 500	27 482	27 482	26 648	27 873	29 155
Depreciation & asset impairment	2	17 273	21 172	22 838	19 569	20 296	20 296	20 296	23 687	24 777	25 917
Finance charges		4 989	4 647	9 216	300	7 500	300	300	8 000	8 368	8 753
Bulk purchases	2	65 835	67 379	71 624	31 800	25 000	48 086	31 000	27 000	28 242	29 541
Other materials	8	2 672	511	2 777	8 188	3 950	4 738	4 738	1 572	1 645	1 720
Contracted services		12 748	12 369	28 288	26 390	9 200	35 157	12 040	8 975	9 387	9 819
Transfers and subsidies		—	—	—	—	—	—	—	—	—	—
Other expenditure	4, 5	40 694	45 165	69 371	6 701	7 698	3 141	3 141	5 281	4 774	4 938
Losses		—	11	3 010	—	—	—	—	—	—	—
Total Expenditure		290 026	290 049	407 566	193 153	170 969	218 725	170 822	167 916	175 559	184 284
Surplus/(Deficit)		(18 745)	(522)	(84 445)	(30 350)	(8 044)	(24 287)	(41 124)	5 396	(6 431)	(6 399)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		38 787	33 540	20 031	28 406	23 621	23 621	23 621	25 818	26 614	24 926
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-kind - all)		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		20 042	33 018	(64 414)	(1 944)	15 577	(666)	(17 503)	31 214	20 183	18 527
Taxation		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		20 042	33 018	(64 414)	(1 944)	15 577	(666)	(17 503)	31 214	20 183	18 527
Attributable to minorities		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		20 042	33 018	(64 414)	(1 944)	15 577	(666)	(17 503)	31 214	20 183	18 527
Share of surplus/ (deficit) of associate	7	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year		20 042	33 018	(64 414)	(1 944)	15 577	(666)	(17 503)	31 214	20 183	18 527

PROJECTED CASHFLOW

NW393 Mamusa - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates					12 688	11 963	11 963	11 963	10 039	10 500	10 983
Service charges		126 316	177 667	167 676	55 255	40 151	40 151	40 151	31 968	33 193	34 720
Other revenue		22 458		2 347	8 365	8 365	8 365	8 365	5 159	2 998	3 136
Transfers and Subsidies - Operational	1	36 681	43 905	47 654	66 254	62 336	62 336	62 336	75 819	67 613	71 701
Transfers and Subsidies - Capital	1	38 787	34 745	23 579	12 710	23 621	23 621	23 621	25 818	26 614	24 926
Interest		14	35 930	41	12 874	229	229	229	7 068	7 393	7 733
Dividends									-	-	-
Payments											
Suppliers and employees		(157 677)	(235 535)	(213 715)	(154 736)	(122 744)	(122 744)	(122 744)	(109 581)	(114 540)	(120 459)
Finance charges		(4 989)	(4 647)	(9 216)	(700)	(300)	(300)	(300)	(8 000)	(8 368)	(8 753)
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		61 590	52 065	18 366	12 709	23 621	23 621	23 621	38 290	25 403	23 987
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		26	11						-	-	-
Decrease (increase) in non-current receivables									-	-	-
Decrease (increase) in non-current investments		(4 707)	(921)	619					-	-	-
Payments											
Capital assets		(46 141)	(40 100)	(39 878)	(12 710)	(23 621)	(23 621)	(23 621)	(25 818)	(26 614)	(24 926)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(50 822)	(41 011)	(39 259)	(12 710)	(23 621)	(23 621)	(23 621)	(25 818)	(26 614)	(24 926)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		(1 354)							-	-	-
Borrowing long term/refinancing				22 000					-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(6 208)	(2 949)	(1 418)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(7 562)	(2 949)	20 582	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		753	1 233	1 237	(1)	0	0	0	12 472	(1 211)	(939)
Cash/cash equivalents at the year begin:	2	(278)	475	1 708	8 450	331	331	331	-	12 472	11 261
Cash/cash equivalents at the year end:	2	475	1 708	2 944	8 449	331	331	331	12 472	11 261	10 322

2.5. REPAIRS AND MAINTENANCE OF INFRASTRUCTURE ASSETS

- Following the National State of Disaster due to Covid-19, the municipality's water and sanitation infrastructure has been prioritized and are currently being refurbished. The district municipality, Dr.RSM, would also be engaged with regards to unfunded mandates on all costs related to water and sanitation incurred by the municipality, while the applicable grant attached is being received by the district. A Service Level Agreement between the municipality and the District Municipality would have to be revisited, and be operationalized, to ensure that the municipality recovers all unfunded costs incurred on the maintenance of water and sanitation infrastructure, which fall within the mandate of the district municipality.

2.6. IMPLEMENTATION PLAN

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2.7. COST REFLECTIVE TARIFFS

- Water - Tariffs are cost reflective
- Sanitation - Tariffs are cost reflective
- Refuse - Tariffs are cost reflective
- Electricity - Tariffs are not cost reflective

The electricity tariffs are not cost reflective. Eskom has assisted the municipality with a tariff study and the assessment of all the consumers is being performed based on the assessment. Upon completion of the assessment, a gradual increment will be implemented over a three-year period.

CONCLUSION

The financial plan will be implemented and monitored through MFMA Section 71 reporting on an on-going basis.